

SENATE BILL 382

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C3

2003 Regular Session  
3r1292  
CF 3r1170

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By: **Senator Middleton**

Introduced and read first time: January 31, 2003

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Basic Health Benefit Plan**

3 FOR the purpose of requiring the Maryland Health Care Commission to adopt  
4 regulations that specify a Basic Health Benefit Plan for the small group health  
5 insurance market; requiring the Commission to exclude or limit benefits or  
6 adjust cost-sharing arrangements in the Basic Plan if the average rate for the  
7 Basic Plan exceeds a certain percentage of the average annual wage in the  
8 State; requiring the Commission to determine the average rate for the Basic  
9 Plan in a certain manner; and generally relating to a Basic Health Benefit Plan  
10 under small group market health insurance.

11 BY renumbering

12 Article - Insurance  
13 Section 15-1201(b) through (p), respectively  
14 to be Section 15-1201 (c) through (q), respectively  
15 Annotated Code of Maryland  
16 (2002 Replacement Volume and 2002 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article - Health - General  
19 Section 19-103  
20 Annotated Code of Maryland  
21 (2000 Replacement Volume and 2002 Supplement)  
22 (As enacted by Chapter 153 of the Acts of the General Assembly of 2002)

23 BY repealing and reenacting, without amendments,

24 Article - Insurance  
25 Section 15-1201(a)  
26 Annotated Code of Maryland  
27 (2002 Replacement Volume and 2002 Supplement)

28 BY adding to

29 Article - Insurance

1 Section 15-1201(b)  
2 Annotated Code of Maryland  
3 (2002 Replacement Volume and 2002 Supplement)

4 BY repealing and reenacting, with amendments,  
5 Article - Insurance  
6 Section 15-1207(a), (b), and (c)  
7 Annotated Code of Maryland  
8 (2002 Replacement Volume and 2002 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
10 MARYLAND, That Section(s) 15-1201(b) through (p), respectively, of Article -  
11 Insurance of the Annotated Code of Maryland be renumbered to be Section(s)  
12 15-1201(c) through (q), respectively.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
14 read as follows:

15 **Article - Health - General**

16 19-103.

17 (a) There is a Maryland Health Care Commission.

18 (b) The Commission is an independent commission that functions in the  
19 Department.

20 (c) The purpose of the Commission is to:

21 (1) Develop health care cost containment strategies to help provide  
22 access to appropriate quality health care services for all Marylanders, after  
23 consulting with the Health Services Cost Review Commission;

24 (2) Promote the development of a health regulatory system that  
25 provides, for all Marylanders, financial and geographic access to quality health care  
26 services at a reasonable cost by:

27 (i) Advocating policies and systems to promote the efficient  
28 delivery of and improved access to health care services; and

29 (ii) Enhancing the strengths of the current health care service  
30 delivery and regulatory system;

31 (3) Facilitate the public disclosure of medical claims data for the  
32 development of public policy;

33 (4) Establish and develop a medical care data base on health care  
34 services rendered by health care practitioners;

1 (5) Encourage the development of clinical resource management systems  
 2 to permit the comparison of costs between various treatment settings and the  
 3 availability of information to consumers, providers, and purchasers of health care  
 4 services;

5 (6) In accordance with Title 15, Subtitle 12 of the Insurance Article,  
 6 develop:

7 (i) A uniform set of effective benefits to be included in the  
 8 Comprehensive Standard Health Benefit Plan; [and]

9 (II) A BASIC HEALTH BENEFIT PLAN; AND

10 [(ii)] (III) A modified health benefit plan for medical savings  
 11 accounts;

12 (7) Analyze the medical care data base and provide, in aggregate form,  
 13 an annual report on the variations in costs associated with health care practitioners;

14 (8) Ensure utilization of the medical care data base as a primary means  
 15 to compile data and information and annually report on trends and variances  
 16 regarding fees for service, cost of care, regional and national comparisons, and  
 17 indications of malpractice situations;

18 (9) Establish standards for the operation and licensing of medical care  
 19 electronic claims clearinghouses in Maryland;

20 (10) Reduce the costs of claims submission and the administration of  
 21 claims for health care practitioners and payors;

22 (11) Determine the cost of mandated health insurance services in the  
 23 State in accordance with Title 15, Subtitle 15 of the Insurance Article; and

24 (12) Promote the availability of information to consumers on charges by  
 25 practitioners and reimbursements from payors.

26 (d) The Commission shall coordinate the exercise of its functions with the  
 27 Department and the Health Services Cost Review Commission to ensure an  
 28 integrated, effective health care policy for the State.

29 **Article - Insurance**

30 15-1201.

31 (a) In this subtitle the following words have the meanings indicated.

32 (B) "BASIC PLAN" MEANS THE BASIC HEALTH BENEFIT PLAN ADOPTED BY  
 33 THE COMMISSION IN ACCORDANCE WITH § 15-1207 OF THIS SUBTITLE AND TITLE 19,  
 34 SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE.

1 15-1207.

2 (a) In accordance with Title 19, Subtitle 1 of the Health - General Article, the  
3 Commission shall adopt regulations that specify:

4 (1) the Comprehensive Standard Health Benefit Plan to apply under this  
5 subtitle; [and]

6 (2) THE BASIC HEALTH BENEFIT PLAN TO APPLY UNDER THIS  
7 SUBTITLE; AND

8 [(2)] (3) a modified health benefit plan for medical savings accounts that  
9 qualify under the federal Health Insurance Portability and Accountability Act of 1996,  
10 including:

11 (i) a waiver of deductibles as permitted under federal law;

12 (ii) minimum funding standards for medical savings accounts; and

13 (iii) authorization for offering the modified plan only by those  
14 persons who offer the Comprehensive Standard Health Benefit Plan adopted in  
15 accordance with item (1) of this subsection.

16 (b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE  
17 Commission shall require that the minimum benefits allowed to be offered in the  
18 Standard Plan:

19 (1) by a health maintenance organization, shall include at least the  
20 actuarial equivalent of the minimum benefits required to be offered by a federally  
21 qualified health maintenance organization; and

22 (2) by an insurer or nonprofit health service plan on an  
23 expense-incurred basis, shall be actuarially equivalent to at least the minimum  
24 benefits required to be offered under item (1) of this subsection.

25 (c) (1) Subject to paragraph (2) of this subsection, the Commission shall  
26 exclude or limit benefits or adjust cost-sharing arrangements:

27 (I) in the Standard [Plan] PLAN, if the average rate for the  
28 Standard Plan exceeds 12% of the average annual wage in the State; AND

29 (II) IN THE BASIC PLAN, IF THE AVERAGE RATE FOR THE BASIC  
30 PLAN EXCEEDS 8% OF THE AVERAGE ANNUAL WAGE IN THE STATE.

31 (2) The Commission annually shall determine the average rate for the  
32 Standard Plan AND THE BASIC PLAN by using the average rate submitted by each  
33 carrier that offers the Standard Plan OR THE BASIC PLAN.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
35 effect October 1, 2003.